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December 5, 1983

Mr. Bennet Davies
Vice President Marketing
INTEGRATED PLANNING
338 Newbury Street
Boston, MA 02115

Dear Mr. Davies:

Now--while the market is still wide open--is the time to take a detailed look at the enormous opportunities developing for you in the decision support systems marketplace.

And INPUT has the ideal way for you to do that without absorbing the cost of a major custom research project. We are planning a multiclient study entitled "Decision Support Systems and Beyond" that will put the power of such a project, costing upwards of \$150,000, into your hands for about six percent of that price: \$9,500.

The enclosed brochure describes in detail how the program will answer the questions you have to have answered to exploit emerging opportunities in decision support systems:

- What will the user requirements be for decision support systems and successor products during the next five years?
- What effects will the development of information centers, micro-to-mainframe interfaces, and fourth generation languages have on a decision support and decision making systems?
- What application-specific and industry-specific decision making systems will be required in the next five years?
- How are the leading-edge DSS vendors solving their marketing problems?
- How will the market's competitive environment change over time?

And others that will help guide you toward profitable areas of this emerging market.

Please take a moment now and look at the enclosed brochure. An INPUT representative will contact you in the next two weeks to answer any questions you might have.

Meanwhile, if we can give you any further information, please give us a call at (201) 368-9471.

We look forward to hearing from you soon, and helping you exploit the tremendous opportunities in this field.

Sincerely,

Peter A. Cunningham
President



DECISION SUPPORT SYSTEMS AND BEYOND

Expert Systems ...

Artificial Intelligence ...

Decision-Making Systems ...

Knowledge-Based Systems ...

A Proposed Multiclient Study by

I N P U T

DECISION SUPPORT SYSTEMS AND BEYOND

PURPOSE

- Management literature is rife with speculation on exactly how computerization will affect the corporate culture. Some suggest logic and information will replace "seat-of-the-pants" intuition. Others believe a cold, mechanical culture will take root, with computer-based decision making taking place at several levels throughout the organization, not just at the top. In any event, there is already evidence that corporations are evolving from a decision support system environment to a decision making system environment, where decision making, particularly in operations areas, will increasingly shift to computer-based systems.
- INPUT perceives a market of enormous proportions evolving in the mid-1980s. This market stems from a commingling of several earlier information services application areas (which came to be known as decision support systems in the early 1980s) with several more recent innovations involving artificial intelligence, personal computers, micro-to-mainframe interfaces, and fourth generation languages. Advance indications of this evolving market are found in contemporary terminology such as knowledge-based systems and expert systems.
- The purpose of this study is to analyze business opportunities for products and services linked to the decision support process at three corporate levels: operational, tactical, and strategic. The primary objectives are to identify user requirements and forecast the markets.

BENEFITS OF THE STUDY

- In this new multiclient study, INPUT plans to focus on the changing decision support process and provide subscribers with in-depth data, analysis, and recommendations to support product development and market decisions.

Using this fresh and objective information on market growth rates, competitive strategies, technology forecasts, and user needs, clients will be able to:

- Estimate the impact of new technological developments.
- Prioritize development programs.
- Understand and respond to new market opportunities.
- Develop and modify software to meet market needs.
- Determine appropriate levels of business investment.
- Establish realistic budgets for product development, sales, and marketing functions.
- Improve sales support and enhance sales training programs.

PROGRAM SCOPE AND METHODOLOGY

- The research for the study is designed to provide strategic information on U.S. market characteristics for the period 1983 through 1988, including:
 - An analysis of decision support products and services just coming into play, and projections of what new products can be expected in the late 1980s.
 - Alternative modes of delivery for decision support products and services as they evolve during the forecast period.
 - The current and future users of decision support products and services together with the purchasing criteria of end users and DP/IS departments.

- A forecast of user expenditures, including those for expert systems and knowledge-based systems.
 - A market segment analysis by product and by industry sector.
 - An analysis of services and software product vendors.
 - Product and marketing strategies including keys to success as well as specific technical and sales recommendations.
- INPUT will use a proven methodology in conducting the proposed study.
 - Initial sponsors will be given an opportunity to specify issues of importance to them prior to the start of the research.
 - Upon design of the survey instrument, 100 Fortune 500/50 companies will be interviewed. Three interviews will be completed for each company, two with end users and the third with a ranking IS official. This structuring will permit an analysis of differing points of view regarding procurement, implementation, and support approaches.
 - Research interviews will also be structured to ascertain whether specific differences exist in various vertical industry segments. Accordingly, the 300 interviews will be conducted as follows:

• Manufacturing (discrete and process)	90 interviews
• Banking and finance	60 interviews
• Insurance	30 interviews
• Transportation and utility	30 interviews
• Distribution	30 interviews
• Service and other	60 interviews

- In addition, 40 interviews will be performed with leading and emerging vendors of decision support products and services including software products, communications services, and processing services firms.
 - Software products companies will make up 60% of the vendor surveys.
 - The remaining 40% will be distributed among network-based vendors and other specialty firms.
- All interviews will be conducted either on-site or by telephone. For the user portion of the research, on-site interviews will take place in approximately one of every four cases. For the vendor research, 15 of the 40 interviews will be conducted on site.
- Clients subscribing to this multiclient study will be invited to suggest specific questions and issues to be included in the study.

KEY ISSUES TO BE ADDRESSED

- The primary objectives of this study are to forecast the market and user requirements for decision support systems and successor products and services for the next five years. To this end, the structure of the market will be defined and factors influencing market structure will be studied.
 - What are the major segments of the DSS market now and how will they change during the next five years?
 - As the environment evolves from decision support to decision making, and as the decision making spreads to more levels of the corporation, what will be the needs of decision makers?

- What types of information will be required and from where will it come?
 - What products and services will be required to support the process?
- Who will test the systems and services, specific end user departments or the IS department? To what extent will each group participate?
- How will the needs -- and hence the procurement activities -- vary as a function of whether the buying organization represents an operational unit or a planning unit of the corporation?
- What expectations exist among users for improvements to existing systems or for replacement systems?
- To what extent are expert systems and knowledge-based systems being sought after and anxiously awaited? Will business-oriented artificial intelligence systems be accepted?
- What decision processes will be fully automated and what will be the impact?
- Another objective of the study will be to determine the delivery systems required for decision support and decision making systems.
 - To what extent will the information center be integrated into the decision support process and how will it bridge the gap between end users and IS departments, and decision support and operational data bases.
 - What features of the information center will be needed to ensure data security and integrity in the decision support process?

- How will the information center be able to accept, store and redeploy the programs needed for decision support among a broad variety of corporate users?
- How will the surge of new products linking mainframe computers to personal computers extend companies' decision support capabilities?
- What fourth-generation-language requirements exist for decision support and how will they change? What will be the key components of fifth generation languages in the evolution to expert systems?
- A further objective of the study will be to identify specific decision support application types.
 - What are the major applications for decision support and how do they vary by type of company?
 - What new application categories are emerging? How quickly?
 - What types of industry-specific expert systems will receive wide acceptance during the forecast period?
- A competitive profile of the DSS market will be developed identifying the competitive structure and competitive strategies.
 - What directions are being taken by leading-edge vendors?
 - How will the market's competitive environment change over time?
 - How will leading vendors broaden their offerings in order to strengthen market position?

- What is the relative ranking of DSS vendors within various delivery modes? How are they perceived by one another? By the user community?
- What is the cause of the spectacular growth, for example, in one company providing expert systems for decision support, that produced revenues of \$1 million last year, \$7 million this year and is projected at \$30 million next year? Is there likely to be high incidence of success in this type of firm? What are they doing that has been missed by the larger and better established remote computing services and software firms?

DELIVERABLES

- Clients of the proposed multiclient study will receive:
 - Two copies of the final report (see Exhibit I for the proposed table of contents).
 - Ten copies of the report's Executive Summary.
 - Inquiry service provided by INPUT's staff, for 30 days after the report is published, on questions related to report topics.
 - A one-day seminar to be held at the conclusion of the study. Speakers will include INPUT consultants responsible for the project as well as outside speakers with expertise in related subject areas.
- The proposed multiclient study is expected to begin the first week in January, 1984, and be completed by the end of April, 1984 on the following schedule:
 - Questionnaire design and client review complete

1/15/84

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| - Research interviews complete | 3/1/84 |
| - Analysis and conference presentation complete | 3/15/84 |
| - Client seminar | 3/20/84 |
| - Final report produced and distributed | 4/15/84 |

INPUT'S CREDENTIALS

- INPUT is a leading international market research and consulting firm specializing in the information services market. Founded in 1974, INPUT conducts over 10,000 user and vendor interviews annually. Clients include small and medium-sized firms as well as over 200 of the world's most technically advanced companies.
- INPUT has performed numerous price studies related to this marketplace, including specific studies on DSS, financial planning and modeling, and fourth-generation languages.

EXHIBIT I
REPORT TABLE OF CONTENTS (DRAFT)

- I INTRODUCTION
- II EXECUTIVE SUMMARY
 - A. Key Findings And User Requirements
 - B. Market Forecast
 - C. Competitive Structure
 - D. Recommendations
- III MARKET ANALYSIS AND FORECAST
 - A. Market Structure, Definition And Scope
 - 1. Decision Support System Techniques
 - 2. Types Of Products And Services
 - a. Forecasting And Modeling Tools
 - b. Data Base Management Systems
 - c. Data Bases
 - d. Graphics And Presentation Tools
 - e. Expert/Knowledge-based Systems
 - 3. Delivery Mechanisms
 - a. Software Products
 - (i) Mainframe
 - (ii) Micro
 - b. Processing Services
 - c. Turnkey/Integrated Systems
 - d. Information Centers
 - e. Mainframe-Micro Links
 - B. Market Forecast
 - 1. Forecast Of Computer Services And Software
 - 2. Industry Forecast
 - a. Manufacturing
 - b. Banking And Finance
 - c. Insurance
 - d. Utility And Transportation
 - e. Distribution
 - f. Service And Other
 - C. Influencing Factors
 - 1. Continuation Of Trends In Corporate Decision Making
 - 2. IBM/ATT Involvement
 - 3. Impact Of Technology
 - 4. Education And Growing Acceptance
- IV APPLICATION SECTOR MARKET ANALYSIS
 - A. Application Popularity
 - B. Open/Dominated/Saturated Application Areas
 - C. Delivery Mode Preferences By Application Area
 - D. Penetration Of New Style Applications

- V USER CONSIDERATIONS
 - A. Use Of Decision Support Systems
 - B. EDP Expenditures For DSS Services And Software
 - C. In-house Versus RCS Use Of DSS
 - 1. Current Methods
 - 2. Future Intentions
 - D. Use Of Mini- And Microcomputers For DSS
 - E. User Buying Criteria
 - 1. Factors
 - 2. Methods
 - 3. Who Buys/Uses DSS Services/Products
 - F. User Expectations
 - 1. What Vendor Help Is Required
 - 2. What Modeling/Forecasting Techniques Are Most Important
 - 3. Relationship Of DSS To Other Software Systems
 - 4. Use Of External Data Bases
 - 5. Future DSS Requirements
- VI COMPETITIVE ENVIRONMENT
 - A. Competitive Structure
 - B. Vendor Perceptions
 - 1. Market Growth
 - 2. Leading Competitors
 - 3. Market Sectors
 - 4. Keys To Successful Marketing
 - 5. Plans For Offering DSS On In-house Minis Or Micros
 - 6. Importance Of DBMS
 - 7. Importance Of External Data Bases
 - 8. Importance Of Professional Consulting Services
 - 9. Importance Of Data Communications Networking
 - C. Vendor Revenues From DSS Products And Services
 - D. Key Vendor Profiles
 - 1. RCS Vendors
 - 2. Software Products Vendors
- VII PRODUCT AND MARKETING ISSUES
 - A. Impact Of Technology On DSS
 - B. Product Strategies For Technology Issues
 - C. Product Strategies For DSS
 - 1. Desired Attributes Of Current DSS Offerings
 - 2. Desired Improvements For Future DSS Offerings
 - D. Marketing Strategies For DSS
 - 1. Marketing Strategies For Computer Services Vendors
 - 2. Marketing Strategies For Software Products And Turnkey Vendors

MULTICLIENT STUDY SUBSCRIPTION AGREEMENT

To: INPUT
1943 Landings Drive
Mountain View, CA 94043

Please enter our subscription to the INPUT multiclient study Decision Support Systems And Beyond.

We understand that we will receive two copies of the final report, 10 copies of the report's Executive Summary, 30 days of inquiry service by INPUT's staff on questions related to the report topics, and participation in the one-day seminar to be held at the conclusion of the study. The fee for this study is \$9,500.

The information provided in the final report is proprietary to INPUT. The client agrees to hold as confidential all information provided by INPUT through this service. The information provided shall be used only by the employees of and within the current corporate structure of the client and will not be disclosed to any other organization or person including parent, subsidiary, or affiliated organizations without written consent of INPUT.

The client agrees to control access to the information provided to prevent unauthorized disclosure in violation of the Agreement.

INPUT exercises its best efforts in preparation of the information provided under this Agreement and believes the information contained therein to be accurate. However, INPUT shall have no liability for any loss or expense which may result from incompleteness or inaccuracy of the information provided.

INPUT reserves the right to change or modify the content of the program in response to changing client requirements.

AUTHORIZED BY:

CONTACT (CLIENT PARTICIPATION):

Client Organization

Name

Name

Title

Title

Telephone

Date

ACCEPTED BY INPUT:

Name

Date

Title

